

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 SS-15
ICAE-00 INRE-00 SSO-00 OES-07 STR-07 OIC-02 /115 W
-----058274 261501Z /50
O 261407Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 0650

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E.O' 11652: N/A
TAGS: EGEN, OECD
SUBJECT: OECD MINISTERIAL PREPARATIONS: POSITIVE
ADJUSTMENT POLICIES
REF: STATE 104590
1. SUMMARY: APRIL 25 HEADS OF DEL AGREED ON
GENERAL SCENARIO TO PREPARE POSITIVE ADJUSTMENT
ISSUE FOR MINISTERS' THIS WILL INCLUDE A) SHORT
PAPER TO BE PRODUCED BY SECRETARIAT (HOPEFULLY ABOUT
BY MAY 8) TO FOCUS ON MAIN ISSUES FOR MINISTERS AND
POSSIBLY INCORPORATING FIRST IDEAS FOR COMMUNIQUE

AND ANNEX LANGUAGE B) HEADS OF DEL MEETING THERE-
AFTER TO PROVIDE CAPITALS' REACTIONS TO SECRETARIAT
PAPER; AND C) DISCUSSION BY EXPERTS IN CONJUNCTION
WITH MAY MEETING OF EPC. SOME DELS ALSO COMMENTED
ON SUBSTANCE (HIGHLIGHTS REPORTED BELOW). SECRETAR-
IAT WELCOMES WRITTEN OR ORAL COMMENTS ON CE(78)8,
"THE NEED FOR POSITIVE ADJUSTMENT POLICIES," NO
LATER THAN MAY 8 TO HELP IN PREPARING ITS NOTE FOR
HEADS OF DEL DISCUSSION. MISSION RECOMMENDS US
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MAKE SUCH CONTRIBUTION AS SOON AS POSSIBLE BEFORE
DEADLINE DATE. END SUMMARY.

2. SECRETARIAT'S (MARRIS) OPENING STATEMENT TO
HEADS OF DEL APRIL 25 STRESSED INTERRELATIONSHIP
OF GROWTH AND ADJUSTMENT POLICY AND PROPOSED ADJUST-
MENT ISSUE BE PREPARED FOR JUNE MINISTERIAL VIA

(A) EARLY WRITTEN COMMENTS FROM DELS; B) SHORT SECRETARIAT NOTE TO FOCUS ISSUES, AND (C) AD HOC EXPERTS MEETING UNDER COUNCIL AUSPICES PERHAPS AT SAME TIME AS MAY 29-30 EPC. DISCUSSION QUICKLY REVEALED PREFERENCE BY VAST MAJORITY OF DELS TO HAVE PREPARATION DONE PRIMARILY BY COUNCIL AND HEADS OF DELS, PERHAPS ASSISTED BY EXPERTS (EITHER FROM PERMDELS OR CAPITALS) RATHER THAN AD HOC GROUP. ALL RECOGNIZED HOWEVER THAT RELATIONSHIP OF SUBJECT TO GROWTH STRATEGY MEANT EPC WOULD INEVITABLY PLAY IMPORTANT ROLE IN PREPARATIONS, AND POSSIBILITY OF EXPERTS MEETING ASSOCIATED IN SOME WAY WITH EPC WAS GENERALLY SUPPORTED' CITING PRECEDENT OF EXPERTS' GROUP CONVENED TO DRAFT TRADE PLEDGE, US DEL STRONGLY SUPPORTED USE OF EXPERTS, POINTING OUT HIGHLY COMPLEX AND UNCHARTED

NATURE OF SUBJECT MATTER, NUMEROUS GOVERNMENT DEPARTMENTS INVOLVED, AND DIFFICULTIES OF OBTAINING SPECIFICITY IN END RESULTS WITHOUT EXPERT PARTICIPATION AT AN EARLY STAGE. SECGEN'S SUMMARY OF SESSION INCLUDES LATE MAY EXPERTS MEETING AS PART OF SCENARIO, IN ADDITION TO MEETINGS OF HEADS OF DEL' VAN LENNEP SAID HE WOULD REFLECT ON LIMITED OFFICIAL USE

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PRECISE RELATIONSHIP OF EXPERTS MEETING TO EPC COUNCIL' HE MENTIONED THREE OPTIONS: (A) EPC ITSELF; (B) EXPERTS MEETING AS A SUBGROUP OF EPC; (C) EXPERTS MEETING AS SUBGROUP OF COUNCIL.

3' IDEA OF SHORT SECRETARIAT NOTE TO FOCUS ISSUES AND ENCOURAGE INPUT BY CAPITALS INTO HEADS OF DELS

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DISCUSSIONS WAS STRONGLY APPROVED. IT IS ALSO POSSIBLE THAT SECRETARIAT WILL PROVIDE FIRST CUT OF IDEAS FOR COMMUNIQUE AND ANNEX LANGUAGE AT SAME TIME' MARRIS SPECIFICALLY MENTIONED SECRETARIAT WOULD FIND HELPFUL COUNTRY REACTIONS, ESPECIALLY TO PARAS 44, 50, 51, 57, 61 OF CE(78)8, THE PAPER ON POSITIVE ADJUSTMENT POLICIES DISCUSSED BY XCSS APRIL 14. MANY DELS THOUGHT WRITTEN COMMENTS WOULD NOT BE FEASIBLE, AND SECRETARIAT AGREED IT WOULD WELCOME WHATEVER DELS COULD PROVIDE ORALLY OR IN WRITING NO LATER THAN MAY 8. ACTION REQUESTED: WE URGE DEPARTMENT TO MAKE INPUT TO SECRETARIAT'S NOTE, WHICH WILL BE STARTING POINT FOR DRAFTING COMMUNIQUE LANGUAGE FOR MINISTERS ON ADJUSTMENT QUESTION, AS SOON AS POSSIBLE BEFORE MAY 8.

4. SEVERAL DELS MADE COMMENTS ON SUBSTANCE: JAPAN THOUGHT IT WOULD BE USEFUL FOR MINISTERS TO EXPRESS "INTENTION TO REFRAIN FROM NEGATIVE MEASURES" BUT LIMITED OFFICIAL USE

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THAT IT WOULD BE HARD TO BE MORE SPECIFIC SINCE CIRCUMSTANCES DIFFERED FROM COUNTRY TO COUNTRY: JAPAN WAS THUS RELUCTANT ON IDEA OF LONGER SUBSTANTIVE ANNEX TO COMMUNIQUE' FRG DEL LISTED 4 PRINCIPLES IT SUPPORTS: A) PRIVATE ENTREPRENEURS, RATHER THAN GOVERNMENTS, BEAR THE BASIC RESPONSIBILITY FOR ADJUSTMENT; (B) GOVERNMENT INTERVENTION, WHEN NECESSARY IN EXCEPTIONAL CIRCUMSTANCES, SHOULD BE LIMITED IN SCOPE AND TEMPORARY; (C) PRIORITY SHOULD GO TO GLOBAL RATHER THAN SELECTIVE MEASURES; AND (D) NATIONAL AND INTERNATIONAL COMPETITION SHOULD BE KEPT

INTACT. AUSTRIAN DEL SAW OBJECTIVE OF EXERCISE AS
OUTLINING RELATIVE RESPONSIBILITIES OF BUSINESS AND
GOVERNMENT IN CONCERTED ADJUSTMENT EFFORTS, AGAINST
BACKGROUND OF GOVERNMENT RESPONSIBILITY FOR
UNEMPLOYED LABOR. NEW ZEALAND SUGGESTED PARA 6
OF COMMUNIQUE OF OECD AGRICULTURAL MINISTERIAL
AS STARTING POINT FOR INCORPORATING AGRICULTURE IN
ADJUSTMENT WORK. SPAIN, PORTUGAL AND BELGIUM GA
WARNED AGAINST TRYING TO DEVELOP DETAILED
CONCLUSIONS ABOUT WHAT GOVERNMENTS SHOULD BE DOING IN
ADJUSTMENT FIELD IN SUCH A SHORT TIME; THEY
SUGGESTED THIS BE LEFT TO A FURTHER STUDY PROGRAM AND
THE 1979 MINISTERIAL. ON THIS POINT, SECRETARY VAN
LENNEP SAID POSITIVE APPROACH TO ADJUSTMENT POLICY
IN CONTEXT OF THE GROWTH STRATEGY WAS URGENTLY
NEEDED AND SHOULD NOT HAVE TO WAIT FOR LONG TERM
STUDY PROJECT.

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